

Message Text

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USMISSION EC BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMEMBASSY THE HAGUE
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TEHRAN
AMEMBASSY WELLINGTON

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E.O. 11652: GDS

TAGS: PDEV, EGEN, RH, JA

SUBJECT: GOVERNMENT OF JAPAN PRELIMINARY REACTION TO
ZIMBABWE FUND PROPOSAL

REF: TOKYO 703

1. IN REFTEL DEPARTMENT IS INFORMED THAT THE GOVERNMENT OF JAPAN WISHES MORE DETAIL ON THE ZIMBABWE DEVELOPMENT FUND PROPOSAL.

2. FIRST QUESTION OF GOJ WAS THE ATTITUDE OF BLACK AFRICAN STATES TOWARD THE PROPOSED FUND. WE HAVE BRIEFED ALL FOUR ZIMBABWE NATIONALIST LEADERS AND LEADERS OF TANZANIA, ZAMBIA AND MOZAMBIQUE ABOUT THE BASIC PURPOSES OF THE FUND AND ABOUT OUR APPROACH TO POTENTIAL DONORS. PRELIMINARY REACTIONS WERE QUITE FAVORABLE.

3. GOJ ALSO ASKED ABOUT CLARIFICATION OF WORLD BANK ROLE IN THE FUND. SO FAR WE HAVE HAD ONLY PRELIMINARY AND INFORMAL DISCUSSIONS WITH THE WORLD BANK. THE BANK OFFICIALS WERE FAVORABLY DISPOSED TOWARD A WORLD BANK MANAGEMENT AND ADMINISTRATION ROLE FOR THE FUND, BUT WANTED TO CONSULT WITH WORLD BANK MEMBER STATES BEFORE

THEY TOOK A FIRM POSITION. WE HAVE DISCUSSED VARIOUS POSSIBLE ARRANGEMENTS IN WHICH THE WORLD BANK WOULD PERFORM THE DAY-TO-DAY OPERATING FUNCTIONS OF THE FUND. AT THE APPROPRIATE TIME WE WOULD WISH TO CONSULT WITH OTHER POTENTIAL DONOR GOVERNMENTS ABOUT WHICH ARRANGEMENT WOULD BE MOST SENSIBLE. WE DO, HOWEVER, WANT TO INVOLVE THE WORLD BANK TO MINIMIZE ANY STAFFING NEEDS FOR THE FUND. WE FEEL THAT THE WORLD BANK HAS A HIGHLY COMPETENT, WELL-TESTED ORGANIZATION THAT CAN PROVIDE HIGH

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QUALITY MANAGEMENT CAPABILITIES.

4. GOJ ASKED ABOUT UNITED NATION INVOLVEMENT IN THE FUND ACTIVITIES. WE HAD NOTHING MORE IN MIND THAN THAT VARIOUS UN AGENCIES MIGHT SOMETIMES ACT AS EXECUTING AGENTS FOR PROJECTS FINANCED BY THE FUND. FOR EXAMPLE, THE WORLD BANK NOW USES VARIOUS UN AGENCIES, INCLUDING THE UNITED NATIONS DEVELOPMENT PROGRAM, AS AN EXECUTING AGENT FOR SOME OF ITS PROJECTS.

5. GOJ ASKED ABOUT THE DETERMINATION OF THE SCALE OF THE FUND'S OPERATIONS. THE PROPOSED SCALE OF OPERATIONS OF THE FUND WAS DETERMINED ON THE BASIS OF A NUMBER OF CONSIDERATIONS. FIRST, WE LOOKED AT THE DATA AVAILABLE ON THE ECONOMY OF ZIMBABWE AND AT A NUMBER OF EXISTING PROPOSALS FOR DEVELOPING PROJECTS TO OBTAIN ROUGH ESTIMATES OF THE COST OF DEVELOPMENT PROGRAMS. SECOND, WE EXAMINED SIMILARLY SITUATED AFRICAN COUNTRIES TO SUGGEST PROJECTS AND TO OBTAIN ROUGH ESTIMATES OF THE

COSTS OF SOME OF THESE PROJECTS. THIRD, WE TRIED TO PLACE THE AMOUNTS REQUIRED FOR ZIMBABWE IN THE CONTEXT OF WHAT THE UNITED STATES AND OTHER DONORS MIGHT BE DOING IN THE SOUTHERN AFRICAN REGION, KEEPING IN MIND THE SPECIAL NEEDS OF ZIMBABWE DURING A PERIOD OF ECONOMIC TRANSITION.

6. GOJ SHOULD RECOGNIZE ZIMBABWE WILL HAVE SOME VERY SPECIAL PROBLEMS DURING A PERIOD OF TRANSITION. THE STRUCTURE OF AGRICULTURE AND OF THE EDUCATIONAL SYSTEM WILL PROBABLY BE VERY SUBSTANTIALLY CHANGED TO PROVIDE MORE OPPORTUNITIES FOR BLACK ZIMBABWEANS. FOR EXAMPLE, AGRICULTURE WILL PROBABLY REQUIRE LARGE INVESTMENTS IN NEW ROADS, NEW VILLAGES, NEW HEALTH FACILITIES, NEW AGRICULTURAL EXTENSION FACILITIES AND NEW AGRICULTURAL PROCESSING FACILITIES. THE INVESTMENTS REQUIRED FOR A RAPID AND ORDERLY RESTRUCTURING OF THE ECONOMY DURING A

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PERIOD OF ECONOMIC TRANSITION WILL PROBABLY BE FAR BEYOND THE REVENUE EARNING CAPABILITIES OF AN INDEPENDENT ZIMBABWE GOVERNMENT.

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7. IT SHOULD BE KEPT IN MIND WHEN LOOKING AT THE SCALE OF THE FUND THAT DISBURSEMENTS FROM THE FUND WILL PROBABLY TAKE PLACE OVER A FAIRLY LONG PERIOD OF TIME. A MAJOR PURPOSE, HOWEVER, OF COMMITTING THE MONEY IN ADVANCE IS TO DEMONSTRATE A POLITICAL COMMITMENT BY THE INTERNATIONAL COMMUNITY TO PROVIDE THE ECONOMIC RESOURCES NECESSARY TO ACHIEVE PEACEFUL CHANGE AND AN ORDERLY DEVELOPMENT PROCESS IN ZIMBABWE. ANOTHER PURPOSE IS TO OBTAIN A COMMITMENT TO BALANCE OF PAYMENTS SUPPORT SHOULD IT BE NEEDED DURING THE PERIOD OF ECONOMIC TRANSITION.

8. THE ZDF PROPOSAL CONTAINS A PROVISION THAT WOULD ALLOW PART OF THE FUND'S RESOURCES TO BE ON-CALL RATHER THAN PAID-IN AS CASH OR PROMISSORY NOTES TO THE FUND. THE RESOURCES ON-CALL WOULD BE USED ONLY IF IT COULD BE SHOWN THAT MEANINGFUL DEVELOPMENT PROJECTS AND PROGRAMS WOULD EFFECTIVELY UTILIZE THE FUNDS AVAILABLE.

9. THERE WAS NO FORMULA USED TO DETERMINE APPROPRIATE DONOR SHARES. THESE SHARES WERE DETERMINED ON A JUDGMENTAL BASIS AND TOOK INTO ACCOUNT RELATIVE GROSS NATIONAL PRODUCT, ABILITY TO FIND THE NECESSARY RESOURCES, HISTORIC CONNECTIONS WITH AFRICA, AND READINESS TO CONTRIBUTE TO THE ECONOMIC PROBLEMS OF THE DEVELOPING WORLD. IN THE CASE OF JAPAN, THE CONTRIBUTION WOULD BE LESS

THAN THAT EXPECTED ON THE BASIS OF RELATIVE GROSS NATIONAL PRODUCT. SPECIFICALLY, THE JAPANESE SHARE OF TOTAL CONTRIBUTIONS WOULD BE IN THE ORDER OF FIFTEEN PERCENT, NOT THE TEN PERCENT THAT IS REQUESTED IF IT WERE BASED ON RELATIVE GNP ALONE.

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,0. SINCE THE GENEVA CONFERENCE DID NOT RESUME ON JANUARY 17 AS ORIGINALLY PLANNED, THE ORIGINAL BRITISH CONCERN THAT WE HAVE PRELIMINARY REACTIONS FROM DONORS BY JANUARY 15 NO LONGER EXISTS BUT WE WOULD WANT A GOJ DECISION FOLLOWING ITS STUDY OF THE PROPOSAL AS SOON AS POSSIBLE. WE CONTINUE TO BELIEVE THAT ZDF PROPOSALS CAN PLAY A SIGNIFICANT ROLE IN NEGOTIATING A PEACEFUL RHODESIAN SETTLEMENT AND IN PROMOTING AN ORDERLY TRANSITION TO MAJORITY RULE; SUCCESSFUL ACHIEVEMENT OF THESE OBJECTIVES WOULD CLEARLY SERVE THE INTERESTS OF JAPAN AND OTHER INDUSTRIAL DEMOCRACIES THROUGHOUT SOUTHERN AFRICA INCLUDING ZIMBABWE. WE THEREFORE REMAIN HOPEFUL THAT THE GOJ WILL PARTICIPATE AND WELCOME ANY IDEAS THAT THE GOJ MAY HAVE AS TO HOW THE TECHNICAL ASPECTS OF THE PROPOSAL CAN BE IMPROVED.

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